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CITY OF SEATTLE
RESOLUTION 31542

A RESOLUTION approving interest rates set by the Seattle City Employees' Retirement System (SCERS) Board of Administration for 2015

WHEREAS, SCERS currently pays interest on employee contributions at an annual rate of 5.75% (compounded annually) for contributions made before December 31, 2011, and 2.91% (also compounded annually) for employee contributions made after that date; and

WHEREAS, Seattle Municipal Code section 4.36.140 gives the SCERS Board of Administration the power to "[m]ake any necessary changes in the rate of interest" and further provides that "[n]othing in this section shall be construed to limit the right of the Board, subject to approval of the City Council, to make changes in rates of interest whenever the Board deems it necessary or advisable"; and

WHEREAS, the SCERS Board of Administration, at its August 14, 2014 meeting, voted to adjust the annual interest rate for 2015 on all contributions received after December 31, 2011 to 3.66% (compounded annually); and

WHEREAS, the SCERS Board intends to review and adjust this rate annually, based on market conditions; NOW, THEREFORE,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE
MAYOR CONCURRING, THAT:**

Section 1. The City Council approves the 2015 credit interest rate adopted by the SCERS Board of Administration of 3.66 percent (compounded annually) on all member contributions received after December 31, 2011. Member contributions received on or before December 31, 2011, will continue to accrue credit interest at a rate of 5.75 percent (also compounded annually). These rates will apply at the beginning of the first full pay period of 2015.

SCS
CITY
CLERK

1 Adopted by the City Council the ____ day of _____, 2014, and
2 signed by me in open session in authentication of its adoption this ____ day
3 of _____, 2014.

4 _____
5 President _____ of the City Council
6

7 THE MAYOR CONCURRING:
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9 _____

10 Edward B. Murray, Mayor
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12 Filed by me this ____ day of _____, 2014.
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14 _____

15 Monica Martinez Simmons, City Clerk
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17 (Seal)
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FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Retirement	Tim Morrison 4-0117	Jessica Wang 5-1759

Legislation Title: A RESOLUTION approving interest rates set by the Seattle City Employees' Retirement System (SCERS) Board of Administration for 2015.

Summary of the Legislation:

Per Seattle Municipal Code 4.36.140.A.1, this resolution provides City Council approval of the 2015 interest rates on member contributions set by the SCERS Board of Administration.

Background:

Under the policy enacted by the SCERS Board, in 2015, contributions received on or before December 31, 2011 will earn 5.75% annual interest, compounded annually. Contributions received after that date will earn 3.66% interest, also compounded annually. The Board will review and adjust the interest rates annually, based on market conditions.

Please check one of the following:

☐ **This legislation does not have any financial implications.**

(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

☒ **This legislation has financial implications.**

(If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Please delete the instructions provided in parentheses at the end of each title and question.)

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

This legislation has no direct financial implications for City appropriations, revenues, or positions. However, the new interest rates for 2015 will grow member contribution balances a bit more slowly than the historical average, lowering the Retirement Fund's costs and incrementally lowering the system's normal cost. These impacts are estimated along with other factors in the retirement system's periodic actuarial valuations.

b) What is the financial cost of not implementing the legislation?



The proposed change reflects a small increase in market interest rates in the last year. Not implementing the legislation would leave the rate at the lower 2014 level, resulting in lower costs for the retirement fund and reduced benefits for members.

- c) **Does this legislation affect any departments besides the originating department?**
The legislation affects all SCERS members, who are employed across the City.
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
Per SMC 4.36.140, Board-approved changes to the credit interest rate are subject to approval by the Council. Historically this has been accomplished through a resolution like the one proposed.
- e) **Is a public hearing required for this legislation?**
No
- f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No
- g) **Does this legislation affect a piece of property?**
No
- h) **Other Issues:**
None

List attachments to the fiscal note below: